THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

JAN 5 2001

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
    UNDER SECRETARY OF DEFENSE (COMPTROLLER)
    DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
    ASSISTANT SECRETARY OF DEFENSE, (COMMAND, CONTROL,
        COMMUNICATIONS & INTELLIGENCE)
    GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
    DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION REFORM)
    DEPUTY UNDER SECRETARY OF DEFENSE
        (ENVIRONMENTAL SERVICES)
    DEPUTY UNDER SECRETARY OF DEFENSE (INSTALLATIONS)
    DIRECTOR, ACQUISITION RESOURCES AND ANALYSIS
    DIRECTOR, DEFENSE PROCUREMENT
    DIRECTOR, BALLISTIC MISSILE DEFENSE ORGANIZATION
    DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
    DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
    DIRECTOR, DEFENSE LOGISTICS AGENCY
    DIRECTOR, SMALL & DISADVANTAGED BUSINESS UTILIZATION
    DIRECTOR, SPECIAL OPERATIONS COMMAND
    PRESIDENT, DEFENSE ACQUISITION UNIVERSITY

SUBJECT: Acquisition of Services

The Department of Defense is increasingly relying on the acquisition of services to meet its mission needs. Over the last couple of years, we have made some important strides in improving the quality of our acquisitions of services. We have new policy regarding performance based service acquisitions requiring that 50% of all service acquisitions must meet the Performance Based Services Acquisition standards by 2005, new training be made available, and a guidebook for the workforce. Yet we have not achieved the level of excellence and consistency that is essential.

To help ensure high quality in the acquisition of services, I am establishing an ongoing Integrated Process Team (IPT) focused on this area —including identifying best practices, developing guidance, reviewing training, and identifying additional policy needs. I am directing that this IPT, as its first task, develop policy to extend to the acquisition of services a program review structure similar to the one the Department has for the acquisition of systems. The program review structure developed by the IPT will cover which Service acquisitions should be reviewed by the SAE and the DAE (e.g., dollar thresholds or program criticality, appropriate milestones at which those reviews should take place; specific matters that should be reviewed; and any other issues related to the proposed review structure).

The IPT will be co-chaired by the Deputy Under Secretary of Defense (Acquisition Reform) and the Director, Acquisition Resources and Analysis. Each of the Military Departments will assign experienced individuals with appropriate skills to this effort. It is critically important that representation come, at a minimum, from the acquisition, logistics, financial and legal communities. It may be necessary to form working groups to support this IPT, thus the IPT is empowered to form such groups as required.

I am also directing that similarly senior representation to the IPT be provided by the Director, Defense Logistics Agency, Deputy Under Secretary (Installations), Deputy Under Secretary (Environmental Security), and the Director, Defense Procurement. I am also requesting that the Director, Office of Small and Disadvantaged Business Utilization, the Deputy General Counsel (Acquisition, Technology & Logistics) and ASD(C3I) be similarly represented on the IPT.

The IPT will provide the Under Secretary of Defense (Acquisition, Technology and Logistics) with an in-process review (IPR) no later than March 1, 2001, at which time I expect the basic elements of the program review structure and process to be discussed.

Please provide the name(s) of your representatives to the Services Acquisition IPT to the Deputy Under Secretary of Defense (AR) no later than January 9, 2001. The point of contact is Mr. Mike Canales, michael.canales@osd.mil, at (703) 693-7795 in DUSD (AR). The first meeting of this IPT will be held on January 24, 2001, 1:30-3:30 pm, in Room 1E 801 #2. This is a vitally important issue for the Department of Defense and I look forward to your full participation.

Dave Oliver

cc:
USD(AT&L) PSAs